

Tilburg University

Start-up incentives the Netherlands

Bekker, S.; van den Eijnden, J.

Published in:
European Employment Policy Observatory Review

DOI:
[987654321](https://doi.org/987654321)

Publication date:
2014

Document Version
Early version, also known as pre-print

[Link to publication in Tilburg University Research Portal](#)

Citation for published version (APA):
Bekker, S., & van den Eijnden, J. (2014). Start-up incentives the Netherlands. *European Employment Policy Observatory Review*, September 2014, 1. [DOI 987654321]. <https://doi.org/987654321>

General rights

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

- Users may download and print one copy of any publication from the public portal for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the public portal

Take down policy

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.



EEPO Review: Start-up incentives, September 2014

the Netherlands

Written by Sonja Bekker and Joey van
den Eijnden
ReflecT - Tilburg University
September 2014



EUROPEAN COMMISSION

Directorate DG Employment, Social Affairs and Inclusion

Unit C.1 – Europe 2020: Employment Policies: European Employment Strategy and Governance

Contact: Monika Kalocinska

E-mail: Monika.Kalocinska@ec.europa.eu

European Commission

B-1049 Brussels

EEPO Review: Start-up incentives, September 2014

the Netherlands

Directorate-General for Employment, Social Affairs and Inclusion
European Employment Policy Observatory (EEPO)

September, 2014

Europe Direct is a service to help you find answers to your questions about the European Union.

Freephone number (*):

00 800 6 7 8 9 10 11

(*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

LEGAL NOTICE

This document has been prepared for the European Commission however it reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

More information on the European Union is available on the Internet (<http://www.europa.eu>).

Luxembourg: Publications Office of the European Union, **2014**

ISBN **ABC 12345678**

DOI **987654321**

© European Union, **2014**

Reproduction is authorised provided the source is acknowledged.

1 Introduction: start-up incentives as an active labour market measure

Generally, there are three different types of start-up incentive for unemployed and inactive people in the Netherlands. The first is a set of incentives for potential entrepreneurs receiving Unemployment Benefits (UB) (*Werloosheidwet* - *WW*). Such incentives have existed since 2006 and were adjusted in 2013. Second, as of 2004 there are specific incentives for people who receive social assistance (*Wet werk en inkomen* - *WWB*). Third, there are incentives for people who are ill or who have a work disability and receive benefits related to their work incapacity (*Wet werk en inkomen naar arbeidsvermogen* - *WIA* for work disability; *Ziektewet* for illness; or *Wajong* for young disabled). These incentives are all aimed at stimulating unemployed people to leave benefits by starting-up a business. They also appear to be cost-effective, as often the incentive consists of guidance for the new entrepreneur and the temporary abolishment of the obligation to apply for a job.

Between September 2007 and September 2008, Statistics Netherlands observed that 23 800 people left social support by starting their own businesses. Of those 23 800 people, 14 100 used to receive UB, 5 600 used to be welfare recipients, and 4 100 received support for having a work disability. One period later, September 2008 to September 2009, 11 200 people left UB, 4 300 left welfare, and 3 600 left disability or sickness benefits. Another period later, September 2009 to September 2010, shows that 17 300, 4 400, and 3 300 people stopped receiving unemployment, welfare, and disability or illness benefits, because they had started their own business. That means that by starting a company, 25 000 people left government support in recent years (Statistics Netherlands/CBS 2013; online Statline database).

Table 1: Outflow out of various social security schemes into self-employment

	Outflow out of...		
	Sickness or work disability	UB	Welfare
28 September, 2007 to 26 September, 2008	4 100	14 100	5 600
26 September, 2008 to 25 September, 2009	3 600	11 200	4 300
25 September, 2009 to 24 September, 2010	3 300	17 300	4 400

Source: Statistics Netherlands

The following section will discuss the influence of the different start-up incentive policies on the above-mentioned trend.

2 Start-up incentives today: detailed description

Start-up incentive for UB recipients

The **target group** encompasses all UB recipients who choose to start-up their own business. UB recipients can make this choice by their own initiative or after a suggestion by a coach of the Dutch PES. However, as the PES' objective is to provide the UB recipient with a sustainable source of (non-UB) income, there is some restraint in suggesting the possibility to start-up one's own company since returning to employment remains the quickest way out of unemployment. Only if finding a job proves difficult will the UB recipient be suggested the possibility of starting a company of his/her own. (SEO 2009, p.11, 61).

The start-up incentive for UB recipients is a **permanent** incentive that has been implemented as of 2006 and was changed slightly in 2013. Its **duration** is 26 weeks, which was before 2013 a maximum duration and after 2013 the standard duration (see documents second chamber of parliament, 2012). The **amount of support** depends on the level of the UB an individual receives. The main deal is that while starting-up a company UB income is decreased, meaning that the support is relatively cost neutral. The start-up incentive gives the future entrepreneur two options as to how working hours are dealt with vis-à-vis their benefits. They can choose to be treated as UB recipients who become employed, meaning that the number of working hours are deducted from the UB benefit (based on the usual system of calculating hours). If someone starts working full-time, the UB ends. Accordingly, this is valid for someone who becomes an entrepreneur on a fulltime basis. Yet, as of 2006 future entrepreneurs may also opt for using the starter arrangement (*startersregeling*). Until 2013 this gave the UB recipient a maximum time period of 26 weeks to start-up their own company. During these weeks the UB recipient kept his or her UB entitlement and moreover was freed from the obligation to actively apply for jobs.

After the full profit/revenues had been calculated, 70 % of this profit was settled with the amount of UB received. As such, the UB was seen as a payment in advance during these 26 weeks. This changed as of 1 January 2013 when the 26 weeks period became mandatory on starting up a business. Moreover, following an evaluation which highlighted some obstacles for users of the starter arrangement, the level of the UB benefit was reduced by a fixed percentage of 29 % during these 26 weeks (Article 35ab Act UB (*Werkloosheidswet*). This means that no settlement has to take place after establishing the level of profits. This percentage is the same for everyone, irrespective of hours spent on the business or profit gained. It means that for UB recipients with a low level of business revenues, the new arrangement is less advantageous in terms of total income (UB + profit) than it was before 2013. However, for those who gain a lot of income from their new company, the arrangement is advantageous compared to the one before 2013.

The **conditions** for using the starter arrangement include a rule to prevent that the arrangement is being used for supporting **bogus self-employment**. The choice for using the starter arrangement needs to be approved by the Dutch PES (*UWV*). If the UB recipient has been working for the government or in the education sector prior to receiving benefits, then he/she does not have a PES advisor. In that case the (ex-) employer or the re-integration company should approve the plans for a start-up and give PES advice on this. PES will then make a decision on granting the starter arrangement based on this advice (*UWV*, 2013). PES will grant the starter arrangement if there is a high chance that the new business will generate enough revenues to provide a living. The starter arrangement will be denied if within the time period of 26 weeks the entrepreneur does an assignment for his or her ex-employer. This is in order to prevent abuse (*UWV*, 2013). This criteria, in combination with the other conditions for admittance to the starter arrangement, limit the risk of fraud and abuse. A reported drawback of these conditions for admission is that the starters experience complexity (SEO 2009, p.65). The complexity of the arrangements between 2006 and 2013 could be one of the explanations for the alleged 'fraud' detected. The National Ombudsman concluded in 2010 that the work coaches of PES have not always given the correct information and correct advice to new entrepreneurs, and that brochures were incomplete. This concerned especially the calculation of indirect working hours for the business (e.g. acquisition) and the impact of these indirect hours in the calculation of the level of benefits and its settlement with hours spent working for their own company. It has led to relatively many cases of entrepreneurs having to pay back parts of the UB they received in the start-up phase. This could be labeled as fraud, yet could also be a consequence of difficult rules or contradicting advice.

The **conditions** further reveal the **interaction with the UB policies**, showing that UB serves as a source of income security for new entrepreneurs, at least for some time. After the 26 weeks of starting-up a company, several scenarios may occur. If the UB recipient decides to become a full-time entrepreneur, the UB stops. If the decision is to become a part-time entrepreneur, UB is decreased by the number of hours spent on the business. These hours include direct as well as indirect business hours, the latter being time spent

on administration, acquisition or training. For the remaining hours, the part-time entrepreneur may receive UB. Yet, he/she is then also obliged to apply for a job covering these remaining hours. In addition, the revenues should be accounted for every week (UWV, 2013). If the UB recipient decides to end his/her company, then UB will continue, if there are still UB entitlements. In this case there is again a duty to apply for a job. A last scenario is that the business fails to be successful. If a person has been a full-time entrepreneur and has left UB entirely, he/she may have UB entitlements still. Yet, this may only be the case if the business has ended entirely within the time period that the UB entitlements were still valid.

The changes in the arrangement in 2013 also introduced a slight change of **complementary services**, giving support to future entrepreneurs, but also installing a mechanism to single out the most promising entrepreneurs to flow into the arrangement. It involves a six week period to examine whether starting-up a business would indeed match the preferences and capacities of the potential entrepreneur and whether the business is likely to be successful. Within this period the following steps are taken. First, the UB recipients should discuss his or her entrepreneurial plans with a PES expert. The explorative period of six weeks allows the potential entrepreneur to investigate his or her capabilities, the idea of a start-up (e.g. feasibility, finances, location, insurances, licenses), to get information from tax agencies about having a business, to get information from the chamber of commerce, and to set up a business plan. The potential entrepreneur should discuss with PES whether the plans are indeed feasible. At the end of the six week period the decision should be taken whether or not to become an entrepreneur (see also Article 77a Act UB). During this period the UB recipient does not have to apply for jobs and keeps the entire UB entitlements (UWV, 2013).

Regarding the **amount of public resources** mobilised, **financing methods** and **sources** the government expects that the new arrangement, deducting 29 % from UB for all future entrepreneurs, will lead to an expenditure reduction of EUR 1 million as a result of better implementation. This is due to the fact that the tax agency and PES no longer need to settle the entrepreneurial profits with the UB received (Documents second chamber of parliament, 2012). Moreover, the expectation is that the overall public expenditure on UB is not affected by the new arrangement, as the 29 % figure is based on the average use of the starter grant prior to 2013. In addition, the government expects that administrative costs for citizens and companies will decrease. New entrepreneurs no longer have to give information about their profits to PES and do not have to make an estimation about their expected revenues. Also, there is no settlement after the start-up period. On average, the administrative burden for new entrepreneurs will decrease by 14 minutes. Overall public expenditure on start-up incentives is relatively hard to establish. By reducing their UB, future entrepreneurs finance themselves for exploring start-up options. Probably for this reason, an Ecorys/IZA study (2012, p. 280) does not give information regarding the Netherlands on expenditures on start-up subsidies as a percentage of GDP. Yet, PES does contribute to the start-up incentives by providing coaching activities to people who are in the orientation or exploratory phase of entrepreneurship. It is likely that such expenditure is added to the general expenditure of supporting activities (e.g. in the Ecorys/IZA report on p. 280 this may fall under the heading 'training' or 'supported employment rehabilitation' which amounted to 0.1 % and 0.5 % of GDP respectively in 2009). SEO (2009) mentions that the implementation costs increased after 2006, due to the additional efforts of PES to coach starters.

The Monitoring and evaluation system. In 2009, an evaluation of the start-up incentive for UB recipients was carried out at the request of the Dutch Ministry of Social Affairs and Labour (SEO, 2009). In this evaluation, UB recipients that started a company were divided into three groups: (1) recipients that started before 1 July 2006 (and could only opt for the system of calculating hours), (2) recipients that started after 1 July 2006 and chose the traditional system of calculating hours, and (3) recipients that started after 1 July 2006 and chose for the new starter arrangement. The evaluation analysed data from the PES database, results of a survey of the three groups of starters, and interviews with PES staff. The evaluation came to the following conclusions.

- i. First of all, from 2005 and 2006 (11 000) to 2007 (13 000) and 2008 (12 000), the number of starters increased. Of this increase, 50 % - 75 % can be attributed to the introduction of the starter arrangement. Of the users of the starter arrangement, 10 % (19 %) indicated that they certainly (probably) would not have started a company without having had the option to use the starter arrangement.
- ii. Second, both groups that started after 1 July 2006 had similar characteristics with the exception of daily wages. On average, users of the starter arrangement had higher daily wages, meaning that they had higher income before they became unemployed. This indicates that, in general, people that have the capacity of generating higher earnings favour the starter arrangement, possibly because they have more to lose when opting for the traditional system.
- iii. The third finding is that the companies of starters in both groups have the same chance of survival (88 %). Moreover, after two years, only small differences remain when it comes to the time invested, and earnings and profits generated.
- iv. Fourth, despite the fact that finding employment is the PES' primary goal, it does provide more guidance to the groups that started after 1 July 2006. Both groups are more satisfied with this guidance than the group that started before this date. However, a common complaint (41 %) is that the method of settling profits with UB receipts is unclear to starters. With regards to returning to UB, starters using the starter arrangement are less likely to reapply for UB than are starters using the system of calculating hours (after 1 July 2006) (SEO, 2009).
- v. Finally, in terms of costs to the government, the total UB premiums paid did not show a noteworthy increase or decrease. The implementation costs did increase, however, which is due to the additional efforts by PES on guiding the starters (SEO 2009).

This evaluation was the reason for a change to the starter arrangement in 2013 (see above) aiming to make the arrangement less complex from 2013, and decrease benefits by 29 % for all UB recipients who are going through the 26 weeks start-up phase. Moreover, the current arrangement includes the rule that if the new arrangements result in a lower take-up then the 29 % figure may be lowered by a general measure of government (*Algemene maatregel van bestuur*; see Article 35ab Act UB) (see also letter of Minister on proposed changes in UB starter arrangement¹, 1 July 2011). In its annual report for 2013, PES reported that in 2013 11 000 UB recipients made use of the new starter arrangement. At the end of 2013, almost 5 000 of them did not yet meet the end of the 26 weeks period. However, 6 100 went through the entire period, and of those people, 4 400 have flowed out of UB entirely, 3 300 of which as an entrepreneur. 1 700 people who have gone through the entire 26 weeks period are still receiving UB, yet, 600 of these are part-time entrepreneurs (UWV, 2014). Although the starter arrangement has been evaluated in rather positive terms, and it adds an additional 1 000 to 1 500 people starting businesses per annum, the outflow out of UB is much lower for people who are developing their own business than for other UB recipients. One reason is that new entrepreneurs have relatively secure income from UB and can take their time to develop a company. Another reason might be that only people who have a lower chance of flowing into regular employment opt for becoming an entrepreneur (SEO, 2009).

Start-up incentives for people with a work-disability or illness

The **target group** for this incentive to start-up a business is all people who have a work-disability or who are ill. In order to get some counselling/support from PES, one does not necessarily need to receive a benefit. The incentive is **permanent**. Those who receive either a disability benefit (*WIA*) or a sickness benefit (*Ziektewet*), may discuss their plans

¹ Internet: <http://www.rijksoverheid.nl/onderwerpen/zelfstandigen-zonder-personeel-zzp/documenten-en-publicaties/kamerstukken/2011/07/01/startersregeling-ww.html>

for a start-up with their PES labour counsellor. In such a conversation an agreement may be made to stop the requirement to apply for jobs for a period in order to prepare for a start-up (UWV, 2013). Yet, being registered at PES is mandatory during this period. If the potential entrepreneur gets a job offer, he/she and the labour counsellor jointly decide what is best: to take on the job or to continue setting up a business. If after the orientation phase the decision is taken to start a company, the revenues from the company are settled with the level of the benefit. The decision could be to lower the benefits on a more permanent basis, so as to prevent the entrepreneur needing to pay back larger amounts of money if profits are high. Yet, should the benefit recipient not be fit enough to continue his/her business, then he/she is entitled to the old level of benefits. There is no need to keep track of hours spent on a business (at least not for PES), as PES only looks at the revenues/income. Yet, if the entrepreneur wants to make use of additional arrangements, such as the tax facility allowing entrepreneurs to deduct certain amounts from their profit (e.g. the entrepreneur tax deduction *ondernemersaftrek*), keeping track of working hours is mandatory for the tax agency, including hours spent on administration, training and acquisition.

In order to provide some **income security** there is in certain cases the option to get a **temporary** income supplement (*inkomenssuppletie*). This entitlement is valid for people who receive disability benefits (*WAO, WAZ or WAJONG*) and who earn via their own company less than the prospective income estimated by the labour expert of PES. The income supplement may run for four years, starting with a maximum of 20 % of what the labour expert of PES estimated as prospective income. This supplement is then gradually decreased over a period of four years (see e.g. Articles 65c and 65d Act disability insurance in the chapter II b on re-integration instruments) (*Wet arbeidsongeschiktheidsverzekering*). This income supplement is not available for people who fall within the scope of the Sickness Act (*Ziektewet*) or the new disability benefit Act (*WIA*) (UWV, 2013).

People who do not receive a benefit via PES, yet who are ill or have a work disability, may nevertheless get some support from PES while setting up their own enterprise. This involves the **target groups** of people who receive welfare or people who do not receive income support at all. The **condition** is that he/she should reside in the Netherlands (UWV, 2013). Moreover, PES should judge that this person has an illness or handicap that justifies the type of support that is requested. Support can encompass a wide range of services and equipment, such as making adjustments to the work space, intermediary activities for deaf or blind people (e.g. interpreters for deaf people or help with reading texts aloud), transport to work (e.g. taxi or adjustments to a car), a lift in the office/building or facilities for making a building accessible to wheelchairs, and coaching for entrepreneurs starting out for instance help with writing a business plan. Support can be requested from PES in the first three years that a company exists, yet may also be granted later on if the facilities were already necessary at the start of the company and if these are related to the disability.

Complementary services are the starter credit (*starterskrediet*) and the preparation credit (*voorbereidingskrediet*). The starter credit is a facility to support starting entrepreneurs who are denied credit by a bank. Via the starter credit the entrepreneur may still get finances. There are two ways of obtaining such credit. First, PES could act as guarantor for a loan from a commercial bank. Second, PES could lend the money to the new entrepreneur. This latter option may be taken if a commercial bank does not give a loan even though PES is willing to vouch for the entrepreneur. The interest for this loan is 8 %. The **condition** is that the enterprise matches the capacities and past work experience of the new entrepreneur (UWV, 2013). Moreover, the illness or handicap should have lasted (likely) at least one year and the starter credit is necessary to get back to work. Also non-benefit receivers may qualify for this. Moreover, the business plan should entail the goals of the company. In addition, the entrepreneur should live in the Netherlands and the start-up company be located in the Netherlands. However, at times it is possible to receive a starter credit within the border region with Belgium or Germany.

The preparation credit may be used to prepare for a start-up, including visiting professional conferences, buying literature or acquiring customers. This credit is not provided as a sum of money, but rather consists of PES paying back expenses that have been made. The request for the preparation credit should be accompanied by a business plan, entailing prognoses of profits and an estimation of the amount of credit needed (UWV, 2013).

Start-up incentive for welfare recipients

The Decision on welfare provision for entrepreneurs (Besluit *bijstandverlening zelfstandigen* - Bbz)² arranges among other incentives for the **target group** of welfare recipients to start-up their own business. Welfare recipients get one year to prepare for the start-up while keeping their benefits (Rijksoverheid, 2014). In the preparatory phase people can for instance write a business plan. They may also apply for a non-interest bearing loan in order to pay for preparations. After that, the municipality (which provides social assistance and guidance) judges whether or not the ideas amount to a viable company. As soon as the company starts, welfare ends. Yet, the municipality may give the new entrepreneur a starter credit in company capital (see e.g. Article 39 Bbz). This is a maximum interest-bearing loan of EUR 35 130. Regarding the **amount of public resources** and **sources**, the central government gives municipalities a budget for their welfare activities, both the passive and active aspects of welfare provisions. The Dutch budgets of 2013 and 2014 show that the expenditure for the Bbz part providing income support to starting entrepreneurs is structurally around EUR 28.5 million per year (Rijksbegroting, 2014).

Regarding **evaluation and monitoring**, the general Act Work and Welfare has a section on the requirement to evaluate the Act four years after its implementation in 2004 (*Wet Werk en Bijstand*, Article 84). There is no specific Article on evaluating the Bbz, but the Ministry of Employment and Social Affairs did give the assignment to evaluate this particular start-up incentive. In 2011, the Bbz was evaluated using quantitative data from Statistics Netherlands, interviews with 28 stakeholders involved in the implementation, analysis of municipality policy documents, and telephone surveys among starters and pre-starters. The first finding of the evaluation is that 42 % of all Bbz starters find a sustainable source of income in managing their own company within 12 months after the start of the business. As a consequence, the Bbz increases the sustainable outflow from social security from 56 % to 74 % (if the Bbz group is compared with a constructed control group). Second, the Bbz has a positive effect on entrepreneurship because welfare recipients are less likely to have started a company without the Bbz. Concerning sustainability of the start-up company, the evaluation shows that after four years, 49 % of Bbz start-ups are still in business, whereas 41 % of the regular starters (i.e. non-welfare recipients) still run the company they set up four years before (these are however two groups that do not necessarily share similar characteristics or incentives). Third, in terms of finances, the Bbz also has a positive effect. Compared to payment of welfare without re-integration into (self-) employment, the Bbz saves the municipalities on average EUR 18 900 per starter over a 24-year period, according to Ecorys. Yet, this calculation is of course based on many assumptions. The positive financial outcome stands despite increased costs due to preparations, guidance, continued payment of welfare in the start-up phase, etc. The overall conclusion is that the Bbz has positive effects on stimulating entrepreneurship and sustainable outflow from welfare. The beneficial effect of the Bbz could be even greater if a more active approach is followed (e.g. selection before proceeding to the next step in the programme, review of earnings trend after the start) in implementing the Bbz (Ecorys, 2011).

Other arrangements

In general, there is (partial) social assistance possible for entrepreneurs who do not generate a minimum income from their business activities, provided for via the Decision

² Internet: <http://www.rijksoverheid.nl/onderwerpen/bijstand-voor-zelfstandigen-bbz>

on welfare provision for entrepreneurs (Besluit bijstandverlening zelfstandigen - Bbz)³. The different arrangements falling within the scope of Bbz are thus not only accessible to entrepreneurs who start-up a business from receiving benefits, yet are also there to support entrepreneurs whose income has dropped below welfare levels. The **target groups** are then entrepreneurs in financial hardship who wish to end their company and older entrepreneurs (aged over 55) with a company that is not viable. In practice, such entrepreneurs are often self-employed without personnel (see e.g. Article 2 Bbz). The **condition** is that the entrepreneur is at least 18 years old. Income will be supplemented to reach the welfare level, yet the provision is means-tested and takes account of the income of a household (including the income of a spouse).

Loaning company capital for starting entrepreneurs, 2014			
You are an:	Type of company capital	If the company capital is a gift	If the company capital is an interest-bearing loan
Older entrepreneur with a non-viable business	A loan or a gift depending on the assets of the person involved	Up to a maximum of EUR 9 541 if the assets of the person are less than EUR 128 547	Up to a maximum of EUR 9 541 if the assets of the person are more than EUR 128 547
Established entrepreneur with temporary financial problems	A loan or a gift. If the company capital is a gift, it is impossible to make use of the interest-bearing loan	Maximum of EUR 9 541 if the assets of a person are less than EUR 183 683 and the income is below welfare levels	Maximum of EUR 190 812 to be paid back within 10 years.

Source: Internet: www.rijksoverheid.nl (Dutch government website)

CASE STUDY BOX

Country: Netherlands

Measure title: Decision on welfare provision for entrepreneurs (*Bbz*)

Main aims: Providing incentives and support to welfare recipients who want to set up their own business

Short description of the initiative: This incentive has been implemented since 2004 and is a permanent provision for welfare recipients who want to become an entrepreneur. In addition, the arrangement is also open to entrepreneurs whose income suddenly drops below the level of welfare. The welfare recipients get one year to prepare for the start-up while keeping their benefits. It gives them time to write a business plan, and non-interest bearing loans are available to pay for preparations. The municipality judges whether or not the ideas amount to a viable company. As soon as the company starts, welfare ends. Yet, the municipality may give the new entrepreneur a starter credit in company capital.

Target group (who are the recipients of the start-up subsidy): welfare recipients

Target enterprises: Not specified

Eligibility conditions: Not specified

³ Internet: <http://www.rijksoverheid.nl/onderwerpen/bijstand-voor-zelfstandigen-bbz>

Budget for the measure / share of EU funding: Central government allocates budget to municipalities. EUR 28.5 million annually. Yet, the municipality should pay it from a wider participation/activation budget.

Accompanying measures (e.g. support with business plan, training, income support or other):

Summary of evaluation findings: An evaluation shows that Bbz has positive effects on stimulating entrepreneurship and sustainable outflow from welfare. Although the number of people who make use of the arrangement is relatively low (around 1 500 per year), it is an important result for a group that often faces severe obstacles in entering the labour market. Moreover, the arrangement seems to be cost-effective. In addition, there might even be ways to improve the effectiveness of the arrangement.

Policy lessons: Relatively cost-effective measure that provides support for some of the groups who often face severe obstacles when flowing to the labour market.

References (including weblinks to published evaluation studies): Ecorys (2011), Bbz 2004: uit het startblok. Eindrapport [Bbz 2004 evaluation final report], Rotterdam: Ecorys. Internet: http://www.ecorys.nl/contents/uploads/factsheets/43_1.pdf

3 Conclusion

The three different types of start-up incentives for unemployed and inactive in the Netherlands are interesting because they are relatively cost-effective, and in some cases enable people with difficulties entering the labour market to leave benefits. The incentive for jobseekers is obtaining a period where there is no obligation to apply for a job. Instead, the new entrepreneur may spend his or her time preparing for a business start-up. For people receiving UB this is accompanied with a lower UB income, while those on disability or sickness benefits, or people on welfare, are only confronted with a decrease or termination of their benefits after the start of the enterprise. All types of benefits recipients that have been addressed in this article receive coaching and support while setting up their business. This mostly has a positive influence on the future entrepreneur, as partners may improve the business plan and thus enhance future prospects of the start-up. In addition, people who have a work disability may receive some aid in getting specific equipment or support which will help them start-up their business in spite of their disabilities. Even though the incentives for start-ups do not lead to spectacular outflow from benefits, the cost-effectiveness of the measures make them nevertheless interesting examples. It seems that those who really want to become an entrepreneur, or those who have little prospects of flowing into a regular job, can try out entrepreneurship, while getting enough support and keeping a good level of income support for the first -and often tricky- period of becoming an entrepreneur.

4 Bibliography

Literature:

Documents for the Second chamber of parliament regarding the proposal for an Act simplifying procedures and arrangements of Dutch PES (UWV), (*Nota van wijziging inzake wetsvoorstel vereenvoudiging regelingen*), Kamerstukken, 2012/10/01. 2012. Internet: www.rijksoverheid.nl/bestanden/documenten-en-publicaties/kamerstukken/2012/10/01/nota-van-wijziging-inzake-wetsvoorstel-vereenvoudiging-regelingen-uwv/nota-van-wijziging-inzake-wetsvoorstel-vereenvoudiging-regelingen-uwv.pdf

Ecorys & IZA, *Analysis of the costs and benefits of active compared to passive measures*, Rotterdam: Ecorys, 2012. Internet: <http://ec.europa.eu/social/BlobServlet?docId=7601&langId=en>

Ecorys, *Bbz 2004: uit het startblok. Eindrapport* [Bbz 2004 evaluation final report], Rotterdam: Ecorys. 2011. Internet: http://www.ecorys.nl/contents/uploads/factsheets/43_1.pdf

Ombudsman, *ZZP'ers met een valse start* [Self-employed with a false start], report number 2010/025, 9 February 2010. Internet:

<http://www.nationaleombudsman.nl/sites/default/files/rapport2010-025.pdf>

Rijksbegroting, *Bijstand, Toeslagenwet en Sociale Werkvoorziening* [Welfare, social security supplements Act and Sheltered workplaces], government website, 2014.

Internet:

http://www.rijksbegroting.nl/2014/voorbereiding/begroting,kst186618_10.html

(accessed 14 August 2014).

Rijksoverheid, *Kan ik met behoud van mijn bijstandsuitkering een bedrijf starten?* [May I start-up may own business while receiving welfare?], 2014. Internet:

<http://www.rijksoverheid.nl/onderwerpen/zelfstandigen-zonder-personeel-zzp/vraag-en-antwoord/kan-ik-als-startende-ondernemer-met-een-bijstandsuitkering-gebruikmaken-van-het-bbz.html> (accessed 14 August 2014).

SEO, *Zelfstandig uit de WW* [Flowing out of UB on your own], Amsterdam: SEO, 2009.

Internet: http://www.seo.nl/uploads/media/2009-62_Zelfstandig_uit_de_WW.pdf

UWV, *Kan ik met een uitkering voor mezelf beginnen? Met een WW-uitkering of met een ziekte of handicap een eigen bedrijf beginnen* [May I start-up a business while being on benefit? Starting up a business with a UB or illness or handicap]. Brochure September 2013. Internet:

<http://www.uwv.nl/particulieren/Images/WB110%2003931%2009-13.pdf>

UWV, *Jaarverslag 2013* [Annual report 2013], 2014. Internet:

http://jaarverslag.uwv.nl/FbContent.ashx/downloads/UWV_Jaarverslag_2013_incl_Jaarekening.pdf

Annex 1: Measure Description Table

Measure Title	Type of measure: e.g. start-up incentive, UB conversion	Target Group	Number of beneficiaries	Amount of subsidy/duration of subsidy	Permanent or Temporary measure and dates of implementation	Conditionality imposed on beneficiary individuals or firms	Funding source and total budget	Measures complementing the initiative	Monitoring arrangements	Evaluation results available (here, please provide detail on the method used, on the coverage, and on the evaluation findings)	If evaluation is available, what is the expert's assessment of the impact of the measure?
Starter arrangement UB recipients	Start-up incentive combined with UB-decrease	All UB-recipients who wish to start-up a business	In 2013 11 000 UB recipients	Depends on individual situation	Permanent. Implemented 2006, altered in 2013.	Approval of plans by Dutch PES	General government spending on social security, which allocates budget to PES. Total amount unclear, yet measure is relatively cost neutral; although coaching costs somewhat increase.	UB remains important for income security, both in start-up phase and possibly later on as fall back, or in case of part-time entrepreneurship.	Has been evaluated in 2009 after which Act was changed	Positive in terms of supporting entrepreneurship. Yet, settling UB with profits after some years was found too difficult. This has been changed in the existing Act.	
Start-up incentives for people with a work-disability or illness	Start-up incentive	All people who are ill or have a work disability	Unknown	Unknown	Permanent	Being registered at PES and for non-benefit recipients also residing in the Netherlands, and illness or	General government spending on social security	Starter credit or preparation credit. Yet, specific condition apply.	Unknown	Not available	

						handicap should justify type of support requested.					
Decision welfare provision for entrepreneurs (Bbz)	Start-up incentives	Welfare recipients who want to start-up a business	In total 7 500 between 2004 and 2008 (on average 1 500 people per year)	Depends on individual situation	Permanent	Be a welfare recipient	Central government allocates budget to municipalities. EUR 28.5 million annually. Yet municipality should pay it from a more general participation/activation budget.	<ul style="list-style-type: none"> - Loan to pay for start-up costs; - Bbz also supports existing entrepreneurs who face financial difficulties and want income support. 	Evaluation was carried out in 2011	Positive evaluation. 42 % of all Bbz starters find a sustainable source of income in managing their own company within 12 months after the start of business. Prospects for municipalities to even improve this performance.	

HOW TO OBTAIN EU PUBLICATIONS

Free publications:

- one copy:

via EU Bookshop (<http://bookshop.europa.eu>);

- more than one copy or posters/maps:
 - from the European Union's representations (http://ec.europa.eu/represent_en.htm);
 - from the delegations in non-EU countries (http://eeas.europa.eu/delegations/index_en.htm);
 - by contacting the Europe Direct service (http://europa.eu/europedirect/index_en.htm) or calling 00 800 6 7 8 9 10 11 (freephone number from anywhere in the EU) (*).

(*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

Priced publications:

- via EU Bookshop (<http://bookshop.europa.eu>).

Priced subscriptions:

- via one of the sales agents of the Publications Office of the European Union (http://publications.europa.eu/others/agents/index_en.htm).

